EXCLUSIVE LOGISTICS

Anduril Weighs Baltimore Shipyard Investment to Build Drone Boats

Defense-tech company has agreement with historic Sparrows Point, as Iran war demonstrates utility of unmanned surface vessels

By Heather Somerville and Scott Calvert
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A cargo ship docks near a new site of port development in Sparrows Point, Md. SURYA VAIDY/THE BALTIMORE SUN/TRIBUNE NEWS SERVICE VIA GETTY IMAGES

Quick Summary

- Anduril is in advanced talks to build a production site for its drone boats at the Sparrows Point yard in Maryland.

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Anduril Industries is in advanced talks with a Maryland port to build out a production site for the company's drone boats, people familiar with the matter said, a sign of the growing military demand for autonomous sea

vessels and the potential for defense startups to revitalize American industrial infrastructure.

Southern California-based Anduril has signed a memorandum of understanding with the operators of the historic Sparrows Point yard, a 3,300-acre industrial site in Baltimore County with a deep-water port and a rich history of shipbuilding and steel manufacturing. Anduril's investment in building out a portion of the site for unmanned surface vessel, or USV, production could be in the hundreds of millions of dollars, the people said. The operation would involve manufacturing and testing the boats.

The office of Maryland's governor, Democrat Wes Moore, has been involved in the discussions, and any deal would likely involve state incentives to offset Anduril's cost, the people said.

Anduril hasn't signed a lease, and the people cautioned that deal talks could still unravel. A spokesman for Moore declined to comment. A spokesman for Tradepoint Atlantic, the owner of Sparrows Point, didn't respond to requests for comment.

Investors purchased the site, once home to the industrial juggernaut Bethlehem Steel, starting in 2014 for redevelopment and renamed it Tradepoint Atlantic. The area now houses fulfillment and logistics centers for retailers such as Amazon and Home Depot. Two years ago, it became a hub for rerouting global shipping and recovering wreckage when the Francis Scott Key Bridge collapsed, creating a logistical and cleanup crisis.



Officials gather at the Sparrows Point Container Terminal to break ground at Tradepoint Atlantic, the former site of Bethlehem Steel. LLOYD FOX/BALTIMORE SUN/TRIBUNE NEWS SERVICE VIA GETTY IMAGES

A potential Maryland expansion comes as Anduril, fresh off a funding round this spring that values the company at $61 billion, pushes to roughly double capacity across its weapons-systems production. Unmanned surface vessels are one of Anduril's newest products. It has partnerships with United Kingdom-based Kraken Technology Group and South Korea's HD Hyundai Heavy Industries to build the boats.

Anduril has revamped a shipyard in Seattle for low-rate production. Prototypes of its boat with HD Hyundai are being manufactured in Korea. A Baltimore-area production site would give Anduril a boat-making presence in proximity to the nation's capital and the Coast Guard's largest shipyard, which would allow for easier testing and integration with the Coast Guard fleet, one of the people familiar with the matter said.

Anduril's entry into unmanned surface vessels brings fresh competition from a deep-pocketed and well-connected military manufacturer to a field of startups all jockeying for Navy contracts, including another Baltimore-based manufacturer, BlackSea Technologies. Anduril has steadily expanded into nearly all facets of defense contracting, from jets to submarines and counterdrone systems.

A 32,000-ton vessel built at Sparrows Point and launched in 1956 was the nation's largest cargo ship.
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Anduril's foray into unmanned surface vessels hit a bump when the company recently lost in a Navy competition for medium-size drone boats. The competition jilted several companies that didn't make the cut, leading defense-tech executives to complain to members of Congress and sue the government, separate people familiar with the matter said. Anduril isn't one of the companies suing.

Nevertheless, the era of drone boats appears to have arrived for militaries around the world. Ukraine has used them with great effect against the Russians in the Black Sea. The U.S. military made its wartime drone-boat debut in the war with Iran when autonomous vessels by Saronic rescued two Apache helicopter crew members after their aircraft was shot down, and completed strikes on Iran's shipping and submarine infrastructure. The primary use of the boats, though, has been surveillance.

The vessels have struggled to perform during military testing, with boats from different vendors at times misidentifying objects, crashing into objects, drifting away or coming to a standstill, according to Wall Street Journal reporting and Navy officials. The officials said the military has had difficulty integrating software that reliably pilots the unmanned vessels on open waters.

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